

THE CONSOLIDATED MINING
Annual Report
AND SMELTING COMPANY
1962
OF CANADA LIMITED



Drilling a blast hole in lead-zinc-iron ore in the Sullivan Mine at Kimberley, B.C. A pattern of these holes will be blasted to break ore from a pillar. The Sullivan's annual output is about 2.5 million tons and since its discovery in 1892 this mine has produced over 86,000,000 tons of ore.

The Consolidated Mining and Smelting Company of Canada Limited

APR 1 1963

HEAD OFFICE: 630 DORCHESTER BLVD. W., MONTREAL, CANADA

Directors

L. J. BELNAP	GORDON FARRELL	W. S. KIRKPATRICK*
A. L. BISHOP	R. D. HARKNESS	R. S. McLAUGHLIN
N. R. CRUMP*	G. A. HART	D. R. McMASTER
R. A. EMERSON*	R. HENDRICKS*	R. D. PERRY*
R. E. STAVERT*	H. G. WELSFORD	

*Member of Executive Committee

Officers

R. E. STAVERT <i>Chairman</i>	W. S. KIRKPATRICK <i>President</i>	
N. R. CRUMP <i>Vice-President</i>	R. HENDRICKS <i>Executive Vice-President</i>	R. D. PERRY <i>Vice-President at Montreal</i>
G. A. WALLINGER <i>Vice-President and Comptroller</i>	D. D. MORRIS <i>Vice-President and General Manager</i>	J. H. SALTER <i>Assistant General Manager</i>
F. L. HALLAM <i>Secretary-Treasurer</i>	L. O. REID <i>Assistant Secretary</i>	K. E. CLARE <i>Assistant Treasurer</i>

Transfer Agents

THE ROYAL TRUST COMPANY, MONTREAL
THE ROYAL TRUST COMPANY, VANCOUVER
CANADA PERMANENT TORONTO GENERAL TRUST COMPANY, TORONTO
BANK OF MONTREAL TRUST COMPANY, NEW YORK

Registrars

MONTREAL TRUST COMPANY, MONTREAL
MONTREAL TRUST COMPANY, VANCOUVER
CROWN TRUST COMPANY, TORONTO
CHEMICAL BANK NEW YORK TRUST COMPANY, NEW YORK

Comparative Highlights

	1962	1961	1960	1959	1958
Sales of all products	\$131,101,000	\$124,403,000	\$115,649,000	\$110,084,000	\$103,900,000
Net profit	23,227,000	21,435,000	23,498,000	16,704,000	14,018,000
Net profit per share	\$1.42	\$1.31	\$1.43	\$1.02	\$0.86
Dividends declared	18,018,000	16,380,000	16,380,000	13,104,000	13,104,000
Dividends per share	\$1.10	\$1.00	\$1.00	\$0.80	\$0.80
Depreciation	10,433,000	10,307,000	9,700,000	9,392,000	9,599,000
Income, mining and property taxes . . .	16,995,000	16,589,000	15,950,000	12,243,000	8,756,000
Working capital	103,107,000	100,118,000	96,149,000	95,925,000	92,318,000
Cash and marketable securities	71,887,000	63,320,000	65,704,000	66,580,000	56,946,000
Inventories of raw materials and products	27,763,000	30,427,000	30,943,000	27,476,000	27,456,000
Net capital expenditures	12,762,000	10,877,000	16,501,000	7,895,000	2,463,000
Number of employees at year-end . . .	7,336	7,521	7,351	6,985	7,101
Number of shareholders at year-end . .	35,805	34,234	35,007	34,481	34,073

Output of Principal Products

YEAR	(1) Lead Short Tons	(1) Zinc Short Tons	(1) Gold Ozs.	(1) Silver Ozs.	Cad- mium Short Tons	Bis- muth Short Tons	(1) Tin Short Tons	Solid Fertilizer Short Tons	Liquid Fertilizer Short Tons
1894 to 1952	5,223,758	3,638,601	3,434,358	274,848,037	7,342	1,977	3,850	6,055,055	
1953	166,356	185,859	91,321	16,144,791	420	36	348	599,996	
1954	166,379	147,776	96,395	11,901,184	467	113	173	693,949	595
1955	149,795	190,910	89,071	10,082,187	759	80	252	678,802	10,193
1956	149,262	193,041	97,428	11,583,530	884	78	328	673,044	20,449
1957	144,017	189,295	95,403	10,877,532	901	73	400	630,622	32,373
1958	134,827	193,514	69,962	12,875,160	643	86	360	656,697	45,714
1959	140,881	194,499	66,117	9,367,029	838	91	246	620,162	56,046
1960	160,079	194,989	77,832	8,690,244	918	124	290	664,200	61,942
1961	172,365	193,649	66,169	8,816,141	963	152	399	651,339	63,189
1962	152,743	199,393	63,927	6,667,813	1,059	115	396	694,185	50,408
1894 to date	6,760,462	5,521,526	4,247,983	381,853,648	15,194	2,925	7,042	12,618,051	340,909

(1) Includes metal sold in unrefined products.

57th ANNUAL REPORT OF THE DIRECTORS

MONTREAL, P.Q., 6TH MARCH, 1963

To the Shareholders of The Consolidated Mining and Smelting Company of Canada Limited

The overall Company earnings for the year under review were 8% higher than for the previous year despite a decrease of about 5% in world prices of lead and zinc. Production of zinc and fertilizers achieved new record levels and all major products were successfully marketed. As a result inventories were below normal levels at the year-end.

The consolidated financial statements and Auditors' Report and other information covering the affairs of the Company for the year ended 31st December, 1962 are submitted for your consideration.

FINANCIAL

Consolidated revenue from all sources amounted to \$133,863,000 in 1962 compared with \$126,792,000 in 1961. Sales of products were \$131,101,000 compared with \$124,403,000 in 1961.

After providing \$14,400,000 for income and mining taxes and \$10,433,000 for depreciation of plants, the consolidated net profit for the year was \$23,227,000 compared with \$21,435,000 in 1961. Regular dividends of 80¢ per share and extra dividends of 30¢ per share were declared amounting to \$18,018,000.

The increased earnings were due in large part to the higher revenue from sales of fertilizers. There was little change in the returns from metallurgical products. With lower prices for lead and zinc and a reduction in the production of silver, profits from these metals were lower but were largely offset by increases in profits from other metal products.

The revenue from export sales benefited by the increase in the value of United States and sterling funds in relation to Canadian currency. In 1962 the average premium of the United States dollar over the Canadian dollar was 6 $\frac{7}{8}$ % compared with 1 $\frac{5}{16}$ % in 1961.

Consolidated net capital expenditures amounted to \$12,762,000. The larger items were Benson Lake concentrator \$1,826,000, increase in zinc roasting and leaching capacity \$1,472,000, installation of third unit — Waneta power \$1,735,000 and second fertilizer unit — Kimberley \$1,767,000.

During the year \$3,000,000 was transferred from Unappropriated Surplus to Appropriated Surplus. This latter account represents that portion of earnings retained in the business and invested in plant, property and other assets at the year-end.

At December 31st, working capital amounted to \$103,107,000, an increase of \$2,989,000 during the year, accounted for as follows:

Sources:

Net profit	\$23,227,000
Add: Charges deducted in determining net profit not requiring an outlay of funds:	
Depreciation	10,433,000
Decrease in deferred charges	391,000
	<hr/> \$34,051,000

Applications:

Dividends declared	\$18,018,000
Net capital expenditure	12,762,000
Net increase in sundry non-current items	282,000
	<hr/> \$31,062,000
Increase in working capital	<hr/> \$ 2,989,000

METAL PRODUCTION AND SALES

Lead production was 152,743 tons compared with 172,365 tons in 1961. The high production in 1961 was caused by drawing down inventories of lead ores and concentrates to normal levels. Zinc production at 199,393 tons established a new record. The com-

parable figure for 1961 was 193,649 tons. The combined lead and zinc production was derived approximately 69% from Sullivan concentrates, 13% from concentrates from other company mines, 6% from treatment of stockpiles of zinc plant residues and lead blast furnace slag, and 12% from purchased ores and concentrates. Reclamation of the zinc plant residues which has been proceeding for a number of years was completed by mid-1962. Changes to the electrolytic zinc plant were completed, which permitted the treatment of additional zinc concentrates to replace the production derived from residues. The remainder of the stockpile of lead blast furnace slag, which also has a substantial zinc content, will be retreated during 1963.

In 1962 the free world consumption of lead and zinc was about 4% higher than in 1961 and, although world production and consumption of lead and zinc were substantially in balance, prices of these metals remained depressed. Large stocks of lead in the hands of United States producers and the offerings of substantial quantities of lead and zinc at below quoted prices together with the threat of liquidation of surplus stocks from the United States stockpile were the principal factors contributing to this situation.

Average prices per pound, converted to Canadian funds, on the London Metal Exchange during 1962 were 7.55¢ for lead and 9.04¢ for zinc compared with 8.14¢ and 9.86¢ respectively in 1961. Year-end prices were 7.36¢ for lead and 8.89¢ for zinc. In Canada the price of lead was reduced at mid-year to 9.5¢, the lowest price quoted during the last fifteen years. Subsequently there was a modest increase to 10¢, the price prevailing at the year-end. The price of zinc remained unchanged at 11.5¢ throughout the year. In the United States the price of lead also fell to 9.5¢ U.S. and recovered to 10¢ by the year-end. The price of zinc was reduced from 12¢ U.S. to 11.5¢ in April of 1962 and remained unchanged for the balance of the year. At the year-end prices for lead and zinc appeared to be strengthening, reflecting an increase in consumption and an improvement in the inventory position.

The demand for the Company's metals was excellent and shipments to market exceeded production with the result that inventories of lead and zinc at year-end were at minimum levels. The distribution of the total lead and zinc sold in 1962 was about 24% to Canada, 32% to the U.S., 30% to the U.K. and 14% to other countries. Fixed U.S. import quotas, which have remained in effect since October 1958, have prevented the Company from maintaining its proportion of the growing consumption of lead and

zinc in that country. By restricting international trade these quotas are a key factor in the price and distribution problems which beset the industry. The Company continues to support the efforts of the Canadian government and others to have these quotas removed.

Silver production at 6,667,813 ounces was 24% below the 8,816,141 ounces produced in 1961. As silver is closely associated with lead-bearing materials the high production in 1961 was a direct result of drawing down inventories of those materials to normal levels in that year. Sales exceeded production with the result that our inventories at year-end were low. Of particular interest was the continuing increase in the price of silver following the cessation of sales of free silver by the United States Treasury late in 1961. The price rose approximately 15% during the year, closing in New York at 120½¢ U.S. per troy ounce.

Production of gold was 63,927 ounces compared with 66,169 ounces in 1961. All gold was sold on the free market at prices somewhat higher than obtainable from the Royal Canadian Mint.

The iron plant at Kimberley produced 31,441 tons in a wide variety of grades compared with 32,049 tons in 1961. The plant was shut down for over a month as a result of the destruction of the Kootenay Lake power line crossing noted elsewhere.

Sales of pig iron, indium and high purity metals were at satisfactory levels. However, anticipated growth in markets for electronic materials did not materialize. Production and sales of bismuth, cadmium, tin concentrates and other miscellaneous metallurgical products were maintained at normal levels. The outstanding feature in this group was the increase of approximately 25% in the price of cadmium during the year.

CHEMICAL AND FERTILIZER PRODUCTION AND SALES

Fertilizer production at 744,593 tons compared with 714,528 tons in 1961 established new records in terms of both gross tonnage and plant food content. Sales of fertilizer materials during 1962 were greater than in any previous year with major gains recorded in both Canadian and United States markets. In spite of widespread declines in prices our market distribution and product mix were such that overall returns were improved. The output of the new urea plant made an important contribution in this regard. Inventories at year-end were at normal seasonal levels, approximately the same as at the close of 1961.

With continued improvement in economic conditions on the Canadian Prairies, attributable to

increased crop diversification and the continued expansion of wheat exports, sales of fertilizer in the Canadian market again reached record levels. Sales in United States market areas also improved with revised marketing procedures making possible satisfactory expansion in the Northwest and Middle West regions.

Sales to offshore markets again decreased in comparison with previous years, being curtailed to make available additional fertilizer products for the more attractive Canadian and United States markets. However, substantial quantities of ammonium sulphate and urea were sold to the Canadian government for shipment to Pakistan under the Colombo Plan. Other markets were Australia, Hawaii, Korea and the Philippines.

Urea continued in good demand for fertilizer purposes and an appreciable expansion in sales of feed grade urea was effected both in the Canadian and United States markets. The use of nitraprills for industrial explosive purposes in Canada continued to increase and further expansion of this use in western Canada and United States is anticipated.

The chlor-alkali plant at Trail, which commenced production in 1961, operated very satisfactorily at full capacity. Production of sulphuric acid and sulphur dioxide was satisfactory during 1962 and sales of these products are expected to expand in future.

MINING AND EXPLORATION

The tonnage of ore extracted from the Sullivan mine at Kimberley, British Columbia for the year 1962 was 2,583,000 tons compared with 2,462,000 in 1961. The installation of the new lower-level crushing chamber and extension to the conveyor system were completed and production started from one of the new levels during the year. Following a period of testing, Nitro-Carbo-Nitrate (NCN), a controlled mixture of nitraprills and a petroleum derivative, has been introduced as an explosive at the Sullivan mine and at our other mining operations, replacing a substantial proportion of conventional explosive at a considerable saving. A surface blending plant to produce this material was constructed at Kimberley.

Production from the Bluebell lead-zinc mine at Riondel, British Columbia was 238,000 tons compared with 253,000 in 1961. The water flows in the lower levels continue to cause difficult mining problems, however the cementation program commenced in 1961 has been of considerable assistance and is continuing. At the H.B. zinc-lead mine near Salmo, British Columbia production totalled 469,000 tons compared with 473,000 tons in 1961. The Con

mill at Yellowknife, Northwest Territories, treated 196,000 tons in 1962 compared with 193,000 in 1961.

The phosphate mines in Montana produced 425,000 tons of phosphate rock to meet requirements of the Trail and Kimberley fertilizer operations compared with 437,000 in 1961. During the year production adits were started at the Douglas mine, twenty-five miles to the southwest of the Brock mine, with the intention of bringing this mine into production early in 1964 to meet the increasing demands of the Trail and Kimberley plants. The Douglas rock is of lower grade, and a flotation concentration plant will be built at the mine to bring the grade up to fertilizer plant requirements. The cost of the project is estimated at \$6,000,000 and plant construction is scheduled to start in 1963.

At Benson Lake on Vancouver Island production from the mine of Coast Copper Company Limited, a subsidiary, commenced in late August. The ore was concentrated in the adjoining 750-ton mill built by Cominco, 66,000 tons of ore being treated in 1962. Production started late in January, 1962 at Cominco's Wedge copper mine in New Brunswick and 224,000 tons were treated in milling facilities rented from Heath Steele Mines Limited. Under long-term contracts with Mitsubishi International Corporation the copper concentrates from both operations were shipped to Japan.

As noted last year, Pine Point Mines Limited, a subsidiary, reached an agreement with the federal government regarding construction of a railway to Great Slave Lake with a branch line to its zinc-lead property. Cominco continues to act as manager and agent for Pine Point Mines Limited in the development of the property. Engineering design and initial work to bring the mine into production in 1966 is proceeding. During the summer of 1963 a townsite will be laid out, services installed and some housing built.

Exploration for new mines was actively carried out throughout Canada and in the central and southwestern United States. In addition, geological examinations were carried out in several foreign countries where further work is being considered for 1963. During the year many properties were examined of which 8 were optioned. Company prospectors or engineers staked an additional 7 properties. Cominco also participated with others in a number of prospecting syndicates.

Surface development work, part of which was financed and directed by joint arrangements with other mining companies, was done on 47 properties. Underground exploration programs were carried out at two properties. In British Columbia drifting and

underground drilling at the Red Bird mine near Salmo was not encouraging and no further work is planned. On the N'Kana property, adjoining the Con-Rycon mines, interesting gold values were obtained in at least two locations and exploration is continuing.

RESEARCH AND DEVELOPMENT

As in recent years a great deal of the research effort was directed towards increasing consumption of the Company's present products, particularly lead and zinc. Active development and promotional programs for new Cominco materials continued with encouraging results. In the laboratories and operating plants research continued to be directed towards quality control, the improvement of existing metallurgical processes and the study and development of new procedures.

An extensive program of research in the field of extruded zinc alloys, carried out by Cominco personnel at the laboratories of the Mines Branch of the Department of Mines and Technical Surveys at Ottawa, was brought to a conclusion during the year. The considerable results obtained from this program are now being applied in the development of improved extruded zinc shapes. The Company co-operated with the American Zinc Institute in the commercial development of the Cominco anodizing process for improved surface finishes for zinc and continued to carry out further research on this process under A.Z.I. sponsorship. In 1962 contracts were completed with the Department of Defence Production for shared-cost research under the Defence Industrial Research program of the Defence Research Board.

For some years the desirability of establishing a Metal Products Research Centre in eastern Canada as a part of the Company's increased research and development activities, has been under study. Late in the year plans were announced to build and equip a laboratory at a cost of about \$1.5 million in the Ontario Research Community at Sheridan Park, a short distance west of Toronto. The research program to be undertaken in this important addition to our research facilities will be aimed at the development of new metal products and new uses for our metals.

ENGINEERING AND CONSTRUCTION

Construction of surface facilities for the Wedge mine in New Brunswick was finished early in January and at Benson Lake on Vancouver Island the concentrator and a small hydroelectric plant and surface

facilities at the adjacent mine of Coast Copper Company Limited were completed in August. At Trail the revision of the zinc plant to provide for the treatment of additional zinc concentrates was completed at mid-year and a small plant for the manufacture of thermoelectric materials was built. At Kimberley foundation work for the second unit of the fertilizer plant was largely completed and some steel was erected. The new unit will double the present Kimberley plant capacity at a cost of \$11,000,000. Production is scheduled to commence in the spring of 1964. The capacity of the pig iron plant at Kimberley is being increased to 100,000 tons per year with completion of this project scheduled for the summer of 1964.

The destruction by Doukhobor terrorists of the 2-mile span over Kootenay Lake of the power transmission line to Kimberley and the Bluebell mine created a major emergency. The 365 foot pylon on the east side of the lake was dynamited on 6th March, 1962, dropping the three 17-ton transmission cables into the lake. Through the co-operative efforts of Cominco and West Kootenay Power and Light Company personnel, the Dominion Bridge Company, the Canada Wire and Cable Company Limited and other suppliers, a temporary span was completed in only 27 days, permitting the resumption of normal operation at the Bluebell mine and the Kimberley area. The permanent crossing was replaced later in the year.

POWER

All generating units of the hydroelectric plants on the Kootenay and Pend-d'Oreille rivers operated satisfactorily throughout the year. Water flows were adequate to generate the power requirements of the Company, but during short periods of peak loads in September it was necessary to reduce the supply of power to British Columbia Hydro and Power Authority. Energy generated amounted to 2,874 million kilowatt hours compared with 2,698 million in 1961. The major increase in demand was from the chemical and fertilizer plants at Trail. Also the loads of B.C. Hydro, the Celgar Pulp Division of Columbia Cellulose Company Ltd. and West Kootenay Power and Light Company, Limited continued to increase.

The program for automation of the Kootenay River plants continued with the completion of No. 2 plant at Upper Bonnington, and the commencement of the conversion of No. 5 plant at Brilliant to remote control operation. The installation of the third 90-mw generator at the Waneta power plant was well under way by the year-end with completion scheduled for

mid-1963. In order to firm up this unit an application was made to the National Energy Board in April to interchange energy with Bonneville Power Administration of the United States. A hearing was held in Trail on 11th September, 1962 and on 3rd January, 1963 a certificate of public convenience and necessity was granted to operate an international power line together with a license to export energy in an interchange transfer with Bonneville Power Administration.

On several occasions Doukhobor terrorists sabotaged the Company's transmission facilities by blasting, the major loss occurring on 6th March when the east tower of Kootenay Lake crossing was dynamited as noted above. These senseless acts of sabotage create a serious hazard for our employees and the general public and threaten the livelihood of many people in the area.

PERSONNEL

The supply of labour at all operations was adequate. The total number of employees on the active roll at the year-end was 7,336 compared with 7,521 at the end of 1961.

There were wage negotiations during 1962 at all operations except the Wedge mine where a four-year contract had been established in 1961. Two-year contracts were negotiated at Trail and Kimberley, at the Bluebell and H.B. mines in British Columbia, at Calgary and at the phosphate rock mines in Montana. Agreements were signed for 18 months at the Con mine at Yellowknife, N.W.T. and for three years at Benson Lake on Vancouver Island.

At the annual Gold Medal Banquet held in November thirty-three employees were presented with gold medals in recognition of 40 years of service.

At 31st December the Pension Fund which provides non-contributory pensions to retired employees amounted to \$46,102,000. During the past year 128 pensions were granted. At the end of the year 998 employees and widows of former employees were receiving pensions compared with 912 at the end of 1961.

With the objective of improving employee performance, attention continues to be given to supervisory training programs and to work studies. The latter, which have already yielded many tangible benefits, were broadened and given increased emphasis. A new training program for the development of engineering and maintenance supervisors was introduced and will be given to some 300 supervisors.

The Company's active accident prevention program produced very satisfactory results in 1962.

Lost-time accidents were at an all-time low both in actual numbers and in terms of accidents per million manhours worked.

STAFF CHANGES

Effective 1st January, 1963 Mr. R. D. Perry, formerly Vice-President and General Manager, was appointed Vice-President at Montreal. At the same time Mr. D. D. Morris, formerly Assistant General Manager, was appointed Vice-President and General Manager, Mr. J. H. Salter was appointed Assistant General Manager and Mr. J. Bryden was appointed Assistant to the General Manager.

Mr. W. G. Jewitt, Vice-President in Charge of Mines, retired on 31st May, 1962. In his thirty-five years of service with the Company he made many valuable contributions in the fields of mining, exploration and administration.

DIRECTORS

On the 8th March, 1962 Mr. D. Ross McMaster, Q.C. was elected to the Board of Directors. Mr. McMaster is a partner in the legal firm of Holden, Hutchison, Cliff, McMaster, Meighen and Minnion at Montreal.

As indicated in the Annual Report for last year, the Head Office of the Company was transferred from 215 St. James Street West to 630 Dorchester Boulevard West, Montreal, during the month of April, 1962.

Once again the Directors wish to express their appreciation to all employees for their co-operation and efficient service during the year.

On behalf of the Board.



President.

The Consolidated Mining and Sm

And its Wholly-Owned

Consolidated BALANCE SHEET

With Comparative

Assets

	1962		1961
Current Assets:			
Cash	\$ 3,698,000	\$	4,190,000
Notes, loans and other short term investment contracts	25,500,000		32,919,000
Government and municipal bonds at cost or lower (market value: 1962, \$42,765,000; 1961, \$25,984,000)	42,689,000		26,211,000
Accounts receivable and accrued revenue, less allowance for doubtful accounts	20,072,000		19,898,000
Prepaid charges	4,094,000		4,593,000
Inventories of raw materials and products, valued at cost or market, whichever is lower	27,763,000		30,427,000
Stores and materials, valued at cost less depreciation .	8,015,000	\$131,831,000	7,495,000 \$125,733,000
Investments and Sundry Non-Current Assets:			
Unconsolidated subsidiary companies:			
Shares	12,786,000		12,293,000
Bonds	49,000		49,000
Advances	3,346,000		3,116,000
	16,181,000		15,458,000
Less accumulated depreciation of investments in unconsolidated subsidiary mining companies . . .	5,577,000		5,577,000
	10,604,000		9,881,000
Deferred charges	302,000		693,000
Sundry loans, receivables and investments	1,347,000	12,253,000	1,063,000 11,637,000
Property, Buildings and Equipment:			
Mines, mineral rights and mining investments at cost (including shares in other mining companies: 1962, \$2,040,000; 1961, \$1,792,000) and land, buildings and equipment at cost, less depreciation written off and sales at realized prices	154,794,000		152,284,000
Less accumulated depletion and depreciation . . .	86,124,000	68,670,000	85,221,000 67,063,000
		\$212,754,000	\$204,433,000

ing Company of Canada Limited

subsidiary Companies

Balance Sheet as at December 31, 1962

Figures for 1961

Liabilities

	1962	1961
Current Liabilities:		
Accounts payable	\$ 10,453,000	\$ 9,653,000
Accounts payable to unconsolidated subsidiary companies	154,000	126,000
Estimated income and mining taxes payable	8,277,000	7,632,000
Dividends payable	9,840,000	8,204,000
	<u>\$ 28,724,000</u>	<u>\$ 25,615,000</u>
Accumulated Tax Reductions Applicable to Future Years	50,000	50,000
Shareholders' Equity:		
Capital:		
Authorized 20,000,000 shares of no par value; issued and fully paid 16,381,645 shares	23,967,000	23,967,000
Insurance reserve	3,941,000	3,938,000
Appropriated surplus	97,000,000	94,000,000
Unappropriated surplus	59,072,000	56,863,000
	<u>183,980,000</u>	<u>178,768,000</u>
Commitments and Contingent Liabilities:		
	1962	1961
Commitments under construction in progress estimated not to exceed	\$2,500,000	\$2,200,000
Sundry guarantees, commitments and claims (estimated)	3,500,000	1,400,000
Undertaking to cause Pine Point Mines Limited to be provided with funds sufficient to bring its mine into production by December 31, 1966 with a capacity of 215,000 tons of concentrates annually.		
On behalf of the Board:		
R. E. STAVERT W. S. KIRKPATRICK } <i>Directors</i>	<u>\$212,754,000</u>	<u>\$204,433,000</u>

The Consolidated Mining and Smelting Company of Canada Limited
and its Wholly-Owned Subsidiary Companies

Consolidated Statement of Profit and Loss

For the year ended 31st December, 1962

(With comparative figures for 1961)

	1962	1961
Sales of products	\$131,101,000	\$124,403,000
Other revenue	2,762,000	2,389,000
	<u>133,863,000</u>	<u>126,792,000</u>
Cost of sales:		
Raw materials and products on hand at beginning of period . .	30,427,000	30,943,000
Production, selling and general expenses (legal remuneration 1962, \$109,000; 1961, \$104,000)	76,728,000	75,223,000
Customs ores and other materials purchased	9,841,000	9,225,000
Executive officers' fees and remuneration	431,000	447,000
Directors' fees and remuneration	19,000	20,000
	<u>117,446,000</u>	<u>115,858,000</u>
Deduct raw materials and products on hand at end of period . .	27,763,000	30,427,000
	<u>89,683,000</u>	<u>85,431,000</u>
	44,180,000	41,361,000
Add:		
Income from investments	3,839,000	4,135,000
Net profit from sale of securities	41,000	246,000
	<u>48,060,000</u>	<u>45,742,000</u>
Deduct:		
Provision for depreciation of plant and equipment	10,433,000	10,307,000
Provision for income and mining taxes	14,400,000	14,000,000
	<u>24,833,000</u>	<u>24,307,000</u>
Net profit, carried to unappropriated surplus account . . .	<u>\$ 23,227,000</u>	<u>\$ 21,435,000</u>
Net profit per share	\$1.42	\$1.31

Consolidated Statement of Earned Surplus

As at December 31, 1962
(With comparative figures for 1961)

	1962	1961
Appropriated Surplus Invested in the Company's Undertakings:		
Balance at beginning of period	\$ 94,000,000	\$ 91,000,000
<i>Add:</i>		
Transfer from unappropriated surplus	3,000,000	3,000,000
Balance at end of period, per balance sheet	\$ 97,000,000	\$ 94,000,000
Unappropriated Surplus:		
Balance at beginning of period	\$ 56,863,000	\$ 54,808,000
<i>Add:</i>		
Net profit per statement of profit and loss	23,227,000	21,435,000
	80,090,000	76,243,000
<i>Deduct:</i>		
Appropriation for dividends, \$1.10 per share in 1962 (1961 — \$1.00)	18,018,000	16,380,000
Transfer to appropriated surplus	3,000,000	3,000,000
Balance at end of period, per balance sheet	\$ 59,072,000	\$ 56,863,000

Auditors' Report

Statement as to Unconsolidated Subsidiary Companies

Except to the extent of dividends received from unconsolidated subsidiary companies and additions made to the allowance for depreciation of investments in subsidiary mining companies, neither profits nor losses of unconsolidated subsidiaries, so far as they concern the holding company, have been dealt with in the accounts of the holding company for 1962 or prior years. The excess of the holding company's proportion of profits over the dividends received is greater than its proportion of losses of unconsolidated subsidiary companies for which no allowance has been made. The balances of profits (less dividends) and losses, as well as development and maintenance expenses of certain unconsolidated subsidiary mining companies which were not in production, are carried forward in the accounts of the subsidiary companies.

VANCOUVER, B.C., FEBRUARY 28, 1963.

HELLIWELL, MACLACHLAN & Co.,

Chartered Accountants.

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of The Consolidated Mining and Smelting Company of Canada Limited and its wholly-owned subsidiary companies as at December 31, 1962, and the related statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination has included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, according to the best of our information and the explanations given to us and as shown by the books of the companies, the balance sheet and the related statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its wholly-owned subsidiary companies as at December 31, 1962, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

VANCOUVER, B.C., FEBRUARY 28, 1963.

HELLIWELL, MACLACHLAN & Co.,

Chartered Accountants.

Senior Organization

Operations

D. D. MORRIS, <i>Vice-President and General Manager</i>	Trail, B.C.
J. H. SALTER, <i>Assistant General Manager</i>	Trail, B.C.
J. BRYDEN, <i>Assistant to the General Manager</i>	Trail, B.C.
B. E. HURDLE, <i>Manager, Mines Division</i>	Trail, B.C.
R. R. McNAUGHTON, <i>Manager, Metallurgical Division</i>	Trail, B.C.
E. A. G. COLLS, <i>Manager, Chemical and Fertilizer Division</i>	Trail, B.C.
J. V. ROGERS, <i>Manager, Engineering Division</i>	Trail, B.C.
G. S. ORTNER, <i>Manager, Personnel Division</i>	Trail, B.C.
R. E. WALTON, <i>Manager, Purchasing Division</i>	Trail, B.C.
S. M. ROTHMAN, <i>General Superintendent of Kimberley Operations</i>	Kimberley, B.C.

Sales

H. T. FARGEY, <i>General Sales Manager</i>	Montreal, Que.
A. V. MARCOLIN, <i>Manager of Metal Sales</i>	Montreal, Que.
A. WILKINSON, <i>Manager of Chemical and Fertilizer Sales</i>	Montreal, Que.
B. R. LOVE, <i>General Traffic Manager</i>	Montreal, Que.

Finance

G. A. WALLINGER, <i>Vice-President and Comptroller</i>	Montreal, Que.
E. G. RANDALL, <i>Assistant Comptroller</i>	Trail, B.C.

Exploration

R. J. ARMSTRONG, <i>Manager</i>	Trail, B.C.
G. N. MOORE, <i>General Superintendent</i>	Montreal, Que.

Legal

C. H. B. FRERE, <i>General Solicitor</i>	Montreal, Que.
M. H. MASON, <i>Assistant General Solicitor</i>	Trail, B.C.

Research and Development

A. O. WOLFF, <i>Director</i>	Montreal, Que.
A. D. TURNBULL, <i>Manager of Research and Development</i>	Trail, B.C.
J. F. M. DOUGLAS, <i>Manager of Market Research</i>	Montreal, Que.
E. H. GAUTSCHI, <i>Manager of Sales Development</i>	Montreal, Que.

Principal Active Subsidiary Companies

Wholly Owned

Cominco Products, Inc. — Spokane, Washington, U.S.A.

Incorporated in 1956 primarily to warehouse, mix and market Cominco fertilizers in the United States, this company also markets certain metal products, and manufactures and markets preforms for the electronics industry.

Montana Phosphate Products Company — Garrison, Montana, U.S.A.

Acquired in 1938, this company holds phosphate reserves near Garrison and Maxville, Montana, and mines phosphate rock for Cominco's fertilizer operations at Trail and Kimberley, B.C.

National Hardware Specialties Limited — Dresden, Ontario.

This company, which Cominco acquired in 1959, owns and operates a zinc die-casting plant, and through its subsidiary, Luster Corporation of Canada Limited, operates a plating plant at Wallaceburg, Ontario.

Others

West Kootenay Power and Light Company, Limited — Trail, B.C.

This company, of which Cominco holds all the common stock, owns and operates a hydro-electric power plant on the Kootenay River and a distribution system providing public utility service in southern British Columbia, and operates Cominco's five hydro-electric plants under management agreement.

Pine Point Mines Limited — Trail, B.C.

Cominco holds 78% of the issued shares of this company which owns a major zinc-lead property near Pine Point, N.W.T. Under management licence, Cominco commenced work during 1962 on plant design and town-site layout in preparation for production in 1966.

Pacific Coast Terminals Co. Ltd. — New Westminster, B.C.

Cominco holds 69% of the issued shares of this company which owns and operates storage warehouse and dock facilities at New Westminster, B.C. and operates bulk-loading facilities at Port Moody, B.C. owned by its subsidiary, Pacific Coast Bulk Terminals Limited.

Rycon Mines Limited — Yellowknife, N.W.T.

This company, in which Cominco has a 60% interest, owns a gold mine adjoining Cominco's Con mine in the Northwest Territories. Cominco mines and treats Rycon ore in conjunction with Con operations.

Coast Copper Company Limited — Trail, B.C.

Cominco has an 83% interest in this company which commenced operating its copper mine in northern Vancouver Island in August 1962. Ore is treated by Cominco in its mill at nearby Benson Lake and concentrates shipped to Japan.

Sunro Mines Limited — Trail, B.C.

Cominco holds a 77% interest in this company whose copper property on Vancouver Island has been operated under lease by Cowichan Copper Company since early 1962.



Molten slag is poured into a furnace at the Trail, B.C. metallurgical operations. In the furnace the lead and zinc content of the slag is fumed off for later recovery. Two of these furnaces produce 3,000,000 pounds of steam per day as a by-product for use in various Company plants at Trail.



X-Ray diffraction equipment in use in a research laboratory at Trail, B.C. It is used to study the composition and physical structure of matter and serves a variety of Cominco activities such as exploration, plant operations, electronic materials development and metals use research.

Pouring Cominco's Elephant Brand fertilizer into a seed drill attachment on a farm near Calgary, Alberta. The fertilizer will automatically be placed beside the seed as it is planted. This is the usual method of fertilizing grain crops on the Canadian Prairie.



Products

Metals

Lead • Zinc
Bismuth • Cadmium
Indium • Gold
Silver • Antimonial Lead
Pig Iron • Copper and Tin Concentrates

Fabricated Metal Products

Zinc Extrusions
Cadmium and Zinc Plating Anodes
Zinc Anodes for Cathodic Protection

Electronic Materials*

High Purity Metals (99.999% and 99.9999% Pure)

Aluminum • Antimony
Arsenic • Bismuth
Cadmium • Gold • Indium
Lead • Silver
Tin • Zinc
Aluminum preforms also available

Compound Semiconductors

Indium Antimonide
Indium Arsenide

Thermo-Electric Materials

Bismuth Telluride

**Available in fabrications to customers' specification.*

Chemical Fertilizers

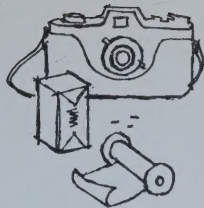
Ammonium Sulphate
Ammonium Nitrate
Urea
Anhydrous and Aqua Ammonia
Nitrogen Solutions
Ammonium Phosphates
Ammonium Nitrate-Phosphates
Complete Fertilizers
Ammonium Phosphate Solutions
Phosphoric Acid
Nitrogen-Sulphur Solutions
Zinc Fertilizer Compound

Chemicals

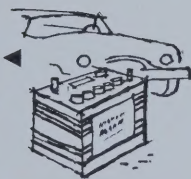
Ammonia • Urea
Chlorine • Caustic Soda
Sulphuric Acid • Oleum
Sulphur Dioxide • Urea Feed Compound

TADANAC BRAND
COMINCO BRAND
ELEPHANT BRAND

are registered
trade marks of the Company



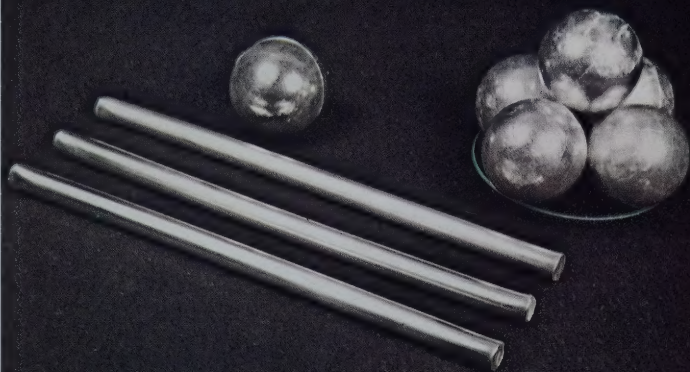
▶ A bar of silver weighs about 70 pounds, with a purity of over 99.97%. While the photographic industry is the largest consumer of silver, other important uses are coinage, silverware, jewellery and chemicals.



Lead of over 99.99% purity is cast usually in the form of 100 pound pigs, as shown. The automobile industry is the largest consumer of this metal — lead for storage batteries and anti-knock compounds for gasoline. Other important uses are cable sheathing, paints, solder, sheet and pipe.



▶ Cadmium is sold mainly in the form of extruded sticks and cast balls, each weighing about one pound. It is used extensively for electro-plating and pigment manufacture.



◀ Illustrated is a 57 pound slab of electrolytically refined zinc, the usual form in which this metal is marketed. Special high grade zinc, the product shown, is over 99.99% pure. Zinc is used mainly for the production of die-castings and the protection of steel from corrosion. It is also used in the production of brass, flashlight batteries, paint, rolled zinc products and pigments.

COMINCO